

THE LEONARD LETTER

*A weekly electronic newsletter about
California government, business and taxes*

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July 16, 2007

QUOTE OF THE WEEK

“A...virtuous citizen will regard his own country as a wife, to whom he is bound to be exclusively faithful and affectionate; and he will watch...every propensity of his heart to wander towards a foreign country, which he will regard as a mistress that may pervert his fidelity.”

--- Alexander Hamilton (Co-Author of the Federalist Papers)

UNDER THE DOME

*****Greenhouse Scam*****

Last week was a key deadline week for the legislature, so many bills received hearings and votes to beat the clock. One bill that passed a key committee but deserves much more scrutiny is Senate Bill 375 (Steinberg). The bill ostensibly seeks to help the state meet the greenhouse gas emission reduction required by last year's landmark Assembly Bill 32 (Nunez). The bill regulates development by having regional transportation agencies create “preferred growth scenarios” designed to reduce reliance on automotive use and vehicle miles traveled. Some may believe the stated intent of the bill, but there is more to it than that. Think about where significant growth is most likely to occur in California: the inland regions that still have unused, developable land. If this state law and regional “preferred growth scenarios” either keep that growth from occurring or impose financial sanctions when it does occur, then the state's scarce transportation dollars can be redirected toward the areas where there is no more empty, developable land: the coastal and urban areas. It is yet another example of several California phenomena: big cities pushing around the rest of the state, the arrogance of Sacramento politicians thinking they know better than local leaders how their cities should grow, and the creative use of so-called “global warming” to achieve more practical political goals that would otherwise be untenable.

AROUND THE STATE

*****What It Takes*****

Last week I noted the release of the Board of Equalization's annual report. One of the conclusions that can be drawn from looking at the amount of taxes collected is that it takes California \$321 million in expenditures to collect \$53 billion in revenue. Economists estimate that we are collecting 96% of the tax due with the remaining 4% hidden in the underground economy. I commend the people of California for such a high level of voluntary tax compliance.

*****More (and Less) of Caltrans Maintenance*****

Last week I cited a Reason Foundation study about California being ranked 44th in the nation for road performance. I noted that the report said California has 18, 230 miles of roads and highways under state control. Caltrans contacted me and took exception to Reason's figure, noting that the agency is actually responsible for 50, 679 lane miles. Either way, no one would argue that Caltrans is not able to maintain the roads in the manner needed. Case in point: last week the Riverside Press-Enterprise published an article http://www.pe.com/localnews/inland/stories/PE_News_Local_B_bcaltrans12.42c66c5.html in which San Bernardinans complain that Caltrans is not maintaining the section of I-215 that runs through downtown. It is a complaint I frequently raised with Caltrans when I represented the area in the legislature.

In the article, a Caltrans spokesperson explains that the agency "lacks the funds or personnel to take on a more comprehensive maintenance program. Instead, the agency will open its property to city crews if San Bernardino officials decide they want to take on the tree trimming." I have heard this from other cities, too. Caltrans is more than willing to let local governments take care of graffiti removal, rubbish pick-up, tree trimming, landscaping, etc. along state highways instead of doing it themselves. So even though most of your tax dollars go to the state, the state is eagerly pushing off its responsibilities onto your city, which does not receive funding for that purpose. Another example of what is broken in Sacramento.

ISSUE FOCUS

*****Planned Parenthood: Death for Dollars*****

Last week I read a very disturbing and sad story in the Riverside Press-Enterprise about a 21-year-old woman who died from an abortion performed by Planned Parenthood. The pain of losing a child, no matter that child's age, is immense and overwhelming for a parent. It alters the natural order of life and leaves parents grieving an unnecessary loss. Knowing that pain, it is deeply disturbing for me to think about the number of lives Planned Parenthood has taken through acts of pure carelessness and medical malpractice. Their factory-like operation allows women of any health status to undergo abortions, and when the procedures go awry, Planned Parenthood employees blatantly cover it up. Such was the case with Edrica Goode, the victim I read about. (It is rare to read about these cases in the news, and I commend The Press-Enterprise for reporting the story.)

Edrica was 21, but too many of those utilizing Planned Parenthood's services are too young to understand the dangers and risks of unmarried sex and abortions. Planned Parenthood performs

abortions on minor girls without parental consent. Many of these underage girls are victims of rape and incest. (By definition, any underage pregnant girl is a victim of statutory rape.) Yet, the perpetrators of these crimes often are not held accountable due to Planned Parenthood's unwillingness to report all cases that they see. The Federal Hyde Act allows Planned Parenthood to obtain federal and state reimbursement for the cost of serving crime victims, but it requires that the state collect and report statistics, which Planned Parenthood does not want to do. Instead, they just use your state tax dollars, which are given to them without sufficient reporting requirements.

So Planned Parenthood is unwilling to cooperate with law enforcement in reporting crime victims, but it is more than willing to accept your hard earned state tax money to subsidize their program for handing out birth control pills and prophylactics to underage girls and perform abortions on these same girls when those methods fail. Planned Parenthood does a poor job of reporting the services provided for tax dollars received, leaving elected officials and their constituents at a loss when it comes to accountability of public dollars.

By the way, in the case of the death of Edrica Goode the state has not shut down the clinic but simply asked them to file a plan of correction.

TAX TIPS

*****Get Help with E-filing*****

The Board of Equalization is partnering with the California Franchise Tax Board, Internal Revenue Service, and Employment Development Department to present workshops and exhibits about electronic tax filing. Individuals and businesses are covered, along with the e-services offered to tax professionals. At the event, you can receive help enrolling in the e-file programs, talk to e-services representatives from the government agencies involved, test the latest e-file software, and earn continuing education credits. For more information, to find the e-file workshop nearest to you, and to register, go to:

http://www.ftb.ca.gov/emailapps/efile_seminars.asp

*****Now Taxing Your Portable DVD Players*****

In January of 2005 the state's controversial electronic waste and recycling fee program began. It ranges from \$6 to \$10, depending on the size of an item's liquid crystal display (LCD) or cathode ray tube (CRT) screen. The e-waste fee is collected by retailers when they sell certain electronic products as determined by the Department of Toxic Substances Control. The money collected by the Board of Equalization is transferred to the Toxics department for various programs. More than \$62 million has been collected, but you would have to ask Toxics how it is spent since I have no idea. The Toxics Department just added portable DVD players with screens that are more than four inches (measured diagonally) to the list of items subject to the fee as of July 1, 2007. For more information about who is required to collect the fee, which items the fee

is applied to, how to register to collect and remit the fee, and other frequently asked questions (although no good answer about how it is spent), go to:

<http://www.boe.ca.gov/sptaxprog/ewfaqs.htm>

*****Helping Homeowners and Renters*****

From now until October 15, eligible Californians may apply for the state's Homeowner and Renter Assistance Program, which provides rebates on property taxes. Qualified homeowners can receive a maximum of \$472.60 for the 2006 tax year while renters can receive up to \$347.50. To be eligible, a homeowner must be a United States citizen, designated alien or qualified alien; have owned and lived in their home as of December 31, 2006; be 62 years of age or older, blind, or disabled; and had a total household income of \$42,770 or less. For renters to qualify, they must also be United States citizens, designated aliens or qualified aliens; live in a qualified rented residence in California (i.e., the owner of the residence must have paid property taxes on it); be 62 years of age or older, blind, or disabled; and had a total household income of \$42,770 or less. If you have a family member, friend or neighbor who might qualify, please bring this to their attention so they do not miss out on getting some of their tax dollars returned to them.

Claim forms, instructions and links to organizations available to help people fill out the forms are available from the Franchise Tax Board here:

<http://www.ftb.ca.gov/individuals/hra/index.html>

MISCELLANY

*****A Good Read*****

There are several reasons to enjoy David McCullough's "Great Bridge: The Epic Story of the Building of the Brooklyn Bridge." There is my favorite recurring historical theme of individuals-- in this case John A. Roebling and his son Col. Washington Roebling—driven to a cause. As with most such biographical sketches, both men were also deeply flawed and the complexities of their characters were reflected in their lives' great work. There is the fascinating engineering tale of how such an incredible and enduring structure was built. The book explains clearly how caissons were sunk and how wire was strung to make the bridge functional. There is also the surrounding political drama that makes the tale even richer. McCullough details the workings of the Tweed political machine and the wheeling, dealing and, well, bribery, that went into making the Brooklyn Bridge possible. Finally, there is the medical drama of the men who worked in the caissons, deep beneath the water's surface. They suffered from "caisson sickness," or what we now understand to be the bends. Even Col. Roebling had health problems caused by the bends. It was a condition that had been identified in Europe early that year, but communication was not speedy in those days and word had not yet reached New York about how to prevent the pain of decompressing too rapidly.

BOE AND LEGISLATIVE DATES

July 17, 2007 --- Board of Equalization meets in Sacramento.

July 20, 2007 --- Summer Recess begins on adjournment, provided Budget Bill has been passed (J.R. 51(a)(3)).

August 8, 2007 --- E-file workshop in San Bernardino; for more information, go to:
http://www.ftb.ca.gov/emailapps/efile_seminars.asp

August 14, 2007 --- Board of Equalization meets in Sacramento.

August 20, 2007 --- Legislature reconvenes from Summer Recess (J.R. 51 (a)(3)).

August 28, 2007 --- E-file workshop in Sacramento; for more information, go to:
http://www.ftb.ca.gov/emailapps/efile_seminars.asp

September 3, 2007 --- Labor Day.

September 5, 2007 --- E-file workshop in Fresno; for more information, go to:
http://www.ftb.ca.gov/emailapps/efile_seminars.asp

September 7, 2007 --- Last day to amend on the Floor (J.R. 61(a)(13), A.R. 69(e)).

September 7, 2007 --- E-file workshop in Redding; for more information, go to:
http://www.ftb.ca.gov/emailapps/efile_seminars.asp

September 11, 2007 --- Board of Equalization meets in Sacramento.

September 14, 2007 --- Last day for any bill to be passed (J.R. 61(a)(14)). Interim Recess begins on adjournment (J.R. 51(a)(4)).

October 2-4, 2007 --- Board of Equalization meets in Culver City.

October 14, 2007 --- Last day for Governor to sign or veto bills passed by the Legislature on or before Sept. 14 and in the Governor's possession after Sept. 14 (Art. IV, Sec.10(b)(1)).

October 17, 2007 --- Board of Equalization meets with County Assessors in Shell Beach.

October 23-24, 2007 --- Board of Equalization meets in Sacramento.

NOTABLE DATES/ HISTORY

July 16, 1964 --- During his acceptance speech as the Republican nominee for the presidency, Senator Barry Goldwater said, "extremism in the defense of liberty is no vice."

July 17, 1945 --- Harry Truman, Winston Churchill and Joseph Stalin met at the beginning of the Potsdam Conference to agree on the details of the Allied occupation of Germany.

July 17, 1955 --- Disneyland opened in Anaheim, California. I was there a few months later.

July 18, 64 --- Most of Rome burned. The popular saying the Emperor Nero played the fiddle during the conflagration is most likely untrue. Nero was a musician and loved singing verses that he had written himself, but the saying derives from his unpopularity and the widespread belief that he was irresponsible in his government duties during the emergency. But one rumor that persists to this day is that Nero started the fire to blame Christians, and to rebuild the city his way.

July 18, 1969 --- Senator Edward Kennedy drove his car off a bridge on Chappaquiddick Island, Massachusetts, drowning his passenger, Mary Jo Kopechne. The Senator did not report the accident until the following morning.

July 19, 1848 --- Women's rights activists Lucretia Mott and Elizabeth Cady Stanton opened the Seneca Falls Convention (in Seneca Falls, New York) to demand the rights of full citizenship for women.

July 20, 1868 --- Stamps were first used to tax cigarettes.

July 20, 1881 --- Sioux leader Sitting Bull surrendered to the U.S. Army.

July 20, 1969 --- Apollo 11 astronauts Neil Armstrong and Edwin "Buzz" Aldrin landed on the Moon. Armstrong became the first person to set foot on the Moon's surface.

July 21, 1925 --- A Tennessee jury found high school teacher John Scopes guilty of teaching evolution. He was fined \$100.

July 22, 1587 --- English settlers established a colony on Roanoke Island off the coast of North Carolina.

July 22, 1916 --- A bomb exploded during the Preparedness Day (preparation for the U.S. entering WW1) parade in San Francisco, killing 10 people and injuring 40. Two labor leaders were convicted of planting the suitcase bomb.

July 22, 1994 --- O.J. Simpson pled not guilty to the charge of murder in the deaths of his ex-wife, Nicole Simpson, and Ron Goldman.

GENERAL TAX INFORMATION

For answers to your general tax questions, call the Board of Equalization information center. Customer service representatives are available to help you from 8:00 a.m. to 5:00 p.m. Pacific time, Monday through Friday (except state holidays).

Toll-free number: 800-400-7115

TDD service for the hearing impaired

TDD phones: 800-735-2929
Voice phones: 800-735-2922

To reach the Taxpayer Rights Advocate's office for assistance with any BOE issues, see <http://www.boe.ca.gov/tra/tra.htm>, or call toll-free 1-888-324-2798.

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